Telecommunications Management Limited

Report and Financial Statements

YEAR ENDED 31 MARCH 2021

Company Registration Number 3592271

TELECOMMUNICATIONS MANAGEMENT LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

Contents

TELECOMMUNICATIONS MANAGEMENT LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

Directors of the company

C F Wigoder
N Schoenfeld
C Wetherall
S Burnett

Secretary and registered office

D Baxter
Network HQ
508 Edgware Road
The Hyde
London
NW9 5AB

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

Bank of Ireland Group Plc
Bow Bells House
1 Bread Street
London
EC4M 9BE

REVIEW OF THE BUSINESS

Amounts included in the annual accounts relate to the provision of fixed wire telecommunication services to business and public-sector customers, and mobile telecommunications services to residential and business customers. The Company's parent company, Utility Warehouse Limited, facilitates access to the necessary infrastructure for the provision of these services, for which the Company is duly charged by the parent company.

The profit on ordinary activities before taxation for the year ended 31 March 2021, set out on page 8, was £37,901 (2020: £455,965). The Company does not have any financial instruments other than debtors and creditors arising from its normal business activities. Any risks in respect of financial instruments of the ultimate parent company, Telecom Plus PLC are disclosed in its accounts.

The resulting financial position of the Company is set out in the balance sheet on page 10.

DEVELOPMENT AND PERFORMANCE

The Company has traded satisfactorily during the year, whilst investing in the growth of its mobile offering, and is expected to continue to do so.

Services

The table below sets out the number of key services supplied by the Company.

	2021	2020
Fixed Telephony (calls and NGN)	5,140	6,215
Fixed Telephony (line rental)	3,894	4,666
Broadband	2,309	2,181
Mobile	89,556	47,237
Total	100,899	60,299

PRINCIPAL RISKS AND UNCERTAINTIES

The principal specific risks arising from the Company's business model, and the measures taken to mitigate those risks, are set out below.

Information technology risk

The Company is dependent on its proprietary billing and membership management software for the successful operation of its business model. This software is developed and maintained in accordance with the changing needs of the business by a team of highly skilled, motivated and experienced individuals. The Company relies on this software and any failure in its operation could negatively impact service to customers and potentially be damaging to the Company's brand.

All significant changes which are made to the billing and membership management software are tested as extensively as reasonably practicable before launch.

Back-ups of both the software and underlying billing and customer data are made on a regular basis and securely stored off-site.

The parent company has full strategic control over the source code behind its billing and membership management system, thereby removing any risk of future software development not being able to meet the precise requirements of the Company.

Data security risk

The Company processes sensitive personal and commercial data during the course of its business. The Company looks to protect customer and corporate information and data and to keep its infrastructure secure. A significant breach of cyber security could result in the Company facing prosecution and fines, loss of commercially sensitive information, financial losses from fraud and theft, lost productivity from not being able to process orders and invoices, and unplanned costs to restore and improve the Company's security. This could damage the Company's brand and distributor confidence which might take an extended period of time to rebuild. Ultimately, individuals' welfare could be put at risk in the event that the Company was not able to provide services or personal data was misappropriated. The Company uses high specification firewalling, network segmentation, and multifaceted network and endpoint anti-viral mitigation systems; external consultants are also used to conduct penetration testing of the Company's internal and external IT infrastructure.

The Information Commissioner's Officer ('ICO') upholds information rights in the public interest and the Company is a data controller registered with the ICO. If the Company fails to comply with all the relevant legislation concerning information security it could be subject to enforcement action and significant fines.

Legislative and regulatory risk

The Company is subject to varying laws and regulations, including possible adverse effects from European regulatory intervention. The telecommunications market in the UK is regulated by Ofcom. Amendments to the regulatory regime could have an impact on the Company's ability to achieve its financial goals and any failure to comply may result in the Company being fined and lead to reputational damage which could impact the Company's brand.

Fraud and bad debt risk

Fraud and bad debt within the telephony industry may arise from customers using the services, or being provided with a mobile handset, without intending to pay their supplier. The amounts involved are generally relatively small as the Company has sophisticated call traffic monitoring systems to identify material occurrences of usage fraud. The Company is able to immediately eliminate any further usage bad debt exposure by disconnecting any telephony service that demonstrates a suspicious usage profile, or falls into arrears on payments.

Infrastructure risk

The provision of services to the Company's customers is reliant on the efficient operation of third party physical infrastructure. There is a risk of disruption to the supply of services to customers through any failure in the infrastructure e.g. damage to communications networks. However, as the infrastructure is generally shared with other suppliers, any material disruption to the supply of services is likely to impact a large part of the market as a whole and it is unlikely that the Company would be disproportionately affected. In the event of any prolonged disruption isolated to the Company's principal supplier services required by customers could in due course be sourced from another provider.

The construction of 'local monopoly' fibre telephony networks to which the Company's access may be limited as a reseller could restrict the Company's ability to compete effectively for customers in certain areas.

Single site risk

The parent company operates from one principal site and, in the event of significant damage to that site through fire or other issues, the operations of the Company could be adversely affected. In order to mitigate, where possible, the impact of this risk the parent Company has in place appropriate disaster recovery arrangements.

Virus outbreak risk

In the absence of a vaccine or effective treatment, the Company faces a number of risks from any highly infectious virus or disease which causes serious incapacity amongst those infected, including: (i) staff may be unable to attend their normal place of work and fulfil their normal duties due to falling ill or being required to self-isolate (either due to exposure to carriers of the virus, or to reduce the likelihood of being so exposed); (ii) the Company may be required to shut its offices to prevent transmission of the virus in the workplace; (iii) the efficiency of our operations may be reduced; (iv) we may be unable to recruit and train new members of staff; (v) customers may find it more difficult to contact the company (vi) we may be unable to resolve faults and challenges faced by customers; (vii) customers may stop paying their bills, or we may be required by the Government to offer payment holidays to customers, putting pressure on the Company's working capital; (viii) we may be restricted from carrying out normal debt enforcement procedures; (ix) the Company's distributors may find it more difficult to grow their businesses; and (x) the various providers of third party infrastructure used to supply our services may be unable to cope with the increased demands placed upon them.

These are mitigated by: (i) the Company has proven technology to enable most employees to carry out their duties remotely; and (ii) the parent company has a strong balance sheet with modest gearing, and access to significant, recently refinanced, additional debt facilities (if required) to cover any temporary pressure on working capital; in extremis, these could be enhanced by a temporary suspension of the parent company dividend.

BY ORDER OF THE BOARD

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N Schoenfeld
Director
29 July 2021

TELECOMMUNICATIONS MANAGEMENT LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2021.

ACTIVITIES

The principal activity of the Company is the supply of fixed wire and mobile telecommunication services to business and public sector customers and prepay mobile telephony to retail and business consumers. Information on the principal risks and the development of the Company are set out in the Strategic Report on pages 1 to 3. The Company did not make any political donations during the period.

DIRECTORS

The directors of the Company during the year were:

C F Wigoder
N Schoenfeld
C Wetherall
S Burnett

REGISTERED OFFICE

Network HQ
508 Edgware Road
The Hyde
London
NW9 5AB

FUTURE PROSPECTS

The Company has traded satisfactorily during the year, whilst investing in the growth of its mobile offering, and is expected to continue to do so.

DIVIDENDS

The directors recommend that no dividend is paid (2020: Nil).

DISCLOSURE OF INFORMATION

So far as the directors are aware, there is no information needed by the Company's auditor in connection with preparing their report of which they are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains appropriate insurance to cover directors' and officers' liability and has provided an indemnity, as permitted by the Companies Act 2006, in respect of all of the Company's directors which was in force throughout the financial year and remains in force. Neither the insurance nor the indemnity provides cover where a director has acted fraudulently or dishonestly.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE BOARD

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N Schoenfeld
Director
29 July 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELECOMMUNICATIONS MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Telecommunications Management Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Company.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELECOMMUNICATIONS MANAGEMENT LIMITED

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries On this audit we do not believe there is a fraud risk related to revenue recognition because revenue constitutes a high volume of individually small transactions with little complexity or judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with its licence obligations set by Ofcom and certain aspects of company legislation recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELECOMMUNICATIONS MANAGEMENT LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

R.M. Seale.

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London
E14 5GL
United Kingdom
29 July 2021

TELECOMMUNICATIONS MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Turnover	2	4,030,975	3,694,772
Cost of sales		(2,620,210)	(2,197,297)
Gross profit		1,410,765	1,497,475
Distribution costs		(692,363)	(678,282)
Administrative expenses		(666,231)	(361,728)
Operating profit	4	52,171	457,465
Financial expenses		(1,106)	(1,500)
Profit on ordinary activities before taxation		51,065	455,965
Taxation	5	(13,164)	(87,004)
Profit on ordinary activities after taxation		37,901	368,961

All amounts relate to continuing activities.

The Company has no other comprehensive income for the year.

The notes on pages 12 to 20 form part of these financial statements.

Company number: 3592271

TELECOMMUNICATIONS MANAGEMENT LIMITED
BALANCE SHEET
YEAR ENDED 31 MARCH 2021

	Note	31 March 2021		31 March 2020	
		£	£	£	£
FIXED ASSETS					
Property, plant and equipment	6		62,641		81,895
CURRENT ASSETS					
Debtors	7	8,669,722		8,712,605	
Stock		21,706		10,628	
Cash		11,416		4,606	
		8,702,844		8,727,839	
CREDITORS: amounts falling due within one year	8	(481,971)		(544,227)	
NET CURRENT ASSETS			8,220,873		8,183,612
TOTAL ASSETS LESS CURRENT LIABILITIES			8,283,514		8,265,507
NON-CURRENT LIABILITIES					
Lease liabilities	9		(44,492)		(64,386)
NET ASSETS			8,239,022		8,201,121
CAPITAL AND RESERVES					
Called up share capital	10		2		2
Profit and loss account			8,239,020		8,201,119
SHAREHOLDERS' FUNDS			8,239,022		8,201,121

The notes on pages 12 to 20 form part of these financial statements.

The Board of Directors approved these financial statements on 29 July 2021.

Signed and authorised for issue on behalf of the Board of Directors:

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N Schoenfeld
Director

TELECOMMUNICATIONS MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2019	**2**	**7,832,158**	**7,832,160**
Profit for the year	-	368,961	368,961
Other Comprehensive Income	-	-	-
Balance at 31 March 2020	**2**	**8,201,119**	**8,201,121**
Balance at 1 April 2020	**2**	**8,201,119**	**8,201,121**
Profit for the year	-	37,901	37,901
Other Comprehensive Income	-	-	-
Balance at 31 March 2021	**2**	**8,239,020**	**8,239,020**

The notes on pages 12 to 20 form part of these financial statements.

1 ACCOUNTING POLICIES

Telecommunications Management Limited ("the Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Telecom Plus PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Telecom Plus PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 508 Edgware Road, London, NW9 5AB.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with fellow wholly owned subsidiaries and parent company Telecom Plus PLC;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Telecom Plus PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosure required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Adopted new standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have had a material impact on the company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Critical accounting estimates, judgements and assumptions

In the process of applying the accounting policies, which are described below, the Directors have made judgements, estimations and assumptions regarding the future. The Directors have not identified any significant estimates or judgements in relation to these financial statements.

Policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The directors have prepared these accounts on a going concern basis.

(b) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(c) Pensions

The Company makes contributions to certain employees' personal pension plans. These are charged to the profit and loss account in the year in which they become payable.

(d) Cash flow statement

The Company has taken advantage of the exemption from presenting a cash flow statement under the terms of FRS 101.

(e) Revenue recognition

The Company principally generates revenue from providing fixed and mobile telecommunications services including line rental and call charges. Revenue is recognised during the period in which the services are supplied and any unbilled revenue is accrued at each period end.

(f) Related parties

The company, as a wholly owned subsidiary undertaking of Utility Warehouse Limited which is in turn wholly owned by Telecom Plus PLC, the ultimate parent company, has taken advantage of an exemption contained in FRS 101 in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of Telecom Plus PLC, in which the company is included, are publicly available.

(g) Going concern

The directors have prepared an assessment for a period of at least 12 months from the date of approval of these financial statements which indicates that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. The directors' assessment included consideration of the anticipated impact of Covid-19 on future trading, including plausible downside scenarios focused on customer collections and reductions in trading performance. However, due to the nature of the Company's business, Covid-19 is expected to have limited impact on the company's financial resources. The Company has continued to trade during the UK Government enforced lockdown period and its financial performance to date and its available liquidity are in line with expectations.

Based on the above, the directors believe that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore it remains appropriate to prepare the financial statements on a going concern basis.

(h) Leases

As a lessee
Recognition of a lease
The contracts are assessed by the Company to determine whether a contract is, or contains, a lease. In general contracts are deemed to contain a lease when the following apply:
•Conveys the right to control the use of an identified asset for a certain period in exchange for consideration;
•The Company has substantially all economic benefits from the use of the asset; and
•The Company can direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At commencement or on modification of a contract that contains a lease component, the Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use asset
The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term, or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease Liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company includes right-of-use assets within property, plant and equipment and the corresponding lease liabilities in 'lease liabilities' on the balance sheet.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Trade receivables

Trade receivables are stated at their nominal value as reduced by expected lifetime credit losses in accordance with IFRS 9. Trade receivables are not considered to contain a significant financing component and therefore the simplified approach for Expected Credit Losses is applied.

2 TURNOVER

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 DIRECTORS AND EMPLOYEES

Directors' emoluments

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Salaries, fees and other benefits	131,053	130,422
Pension contributions	5,000	5,000
	136,053	135,422

The directors of the Company are paid by the parent company, Utility Warehouse Limited. The amounts included in the table above represent the allocation of directors' emoluments to the Company.

Employee costs during the period

	2021 £	2020 £
Wages and salaries	402,232	344,638
Social security costs	45,831	54,256
Pension contributions	27,636	22,020
	475,699	420,914

	2021	2020
Average number employed by the Company (excluding directors)	2	2

4 OPERATING PROFIT

Operating profit is stated after charging:

	2021 £	2020 £
Auditor's remuneration – audit of the financial statements	18,000	22,000

Fees paid to the Company's auditor for non-audit services were £Nil (2020: £Nil).

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2021	2020
	£	£
The tax charge comprises:		
UK corporation tax at 19% (2020: 19%)	9,702	86,633
Adjustments to tax charge in respect of prior years	(120)	183
Other short term timing differences	3,582	188
Total tax charge for the year	13,164	87,004

Factors affecting the tax charge for the year

	2021	2020
Profit on ordinary activities before tax	51,065	455,965
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	9,702	86,633
Other short term timing differences	3,582	188
Adjustments to tax charge in respect of prior years	(120)	183
	13,164	87,004

Factors which may affect future tax charges

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020 reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the Company's future tax charge accordingly.

6 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Fixtures, fittings & office equipment	Total
	£	£	£
2021			
Cost			
At 1 April 2020	83,201	21,455	104,656
Additions	-	5,451	5,451
At 31 March 2021	83,201	26,906	110,107
Depreciation			
At 1 April 2020	(19,968)	(2,793)	(22,761)
Depreciation charge for the year	(20,510)	(4,195)	(24,705)
At 31 March 2021	(40,478)	(6,988)	(47,466)
Net book amount at 31 March 2021	42,723	19,918	62,641
Net book amount at 31 March 2020	63,233	18,662	81,895

Leasehold land & buildings comprise right-of-use assets recognised under IFRS 16.

7 DEBTORS

	2021	2020
	£	£
Trade debtors	173,050	228,159
Amounts owed by parent company	8,449,392	8,419,096
Prepayments and accrued income	47,280	65,350
	8,669,722	8,712,605

Amounts owed by group undertakings incur no interest and are repayable on demand.

8 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	22,622	21,762
Social security and other taxes	5,623	59,655
Corporation tax	13	555
Accruals and deferred income	243,921	260,261
Other creditors	209,792	201,994
	481,971	544,227

9 LEASES AS LESSEE

	2021 £	2020 £
As at 1 April	64,386	83,886
Payment of lease liabilities	(21,000)	(21,000)
Interest relating to lease liabilities	1,106	1,500
Total as at 31 March	44,492	64,386

Maturity analysis	2021 £	2020 £
Due in one year or less	21,000	21,000
Due in more than one year but not more than five years	24,500	45,500
Due in more than five years	-	-
	45,500	66,500

The analysis of maturity above shows the contractual undiscounted cashflows associated with lease liabilities.

10 CALLED UP SHARE CAPITAL

	2021 £	2020 £
Called up, allotted and fully paid		
2 ordinary shares of £1 each	2	2

10 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 101 extended to wholly-owned subsidiary undertakings whose voting rights are controlled within a group. Consequently no disclosure has been made regarding any transactions with other entities within the Telecom Plus PLC group.

11 ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

At 31 March 2021, the ultimate parent company and controlling entity was Telecom Plus PLC. Telecom Plus PLC is a company registered in England and Wales and incorporated in the UK. The financial statements of the ultimate parent company and controlling entity are available from the registered office, Network HQ, 508 Edgware Road, The Hyde, London NW9 5AB.

12 FINANCIAL INSTRUMENTS

The Company has given a guarantee in respect of the Parent company's indebtedness to its bankers. At 31 March 2021, the Group had total revolving credit facilities of £150,000,000 (2020: £150,000,000). These facilities are available to the Group until 17 January 2023. As at 31 March 2021 £90,000,000 of the facilities was drawn down (2020: £95,000,000 drawn down).

13 SUBSIDIARIES

The Company owns 100% of ordinary share capital of eight dormant non-trading subsidiaries as listed below:

1p mobile Limited
One Penny Mobile Limited
One Penny Telecoms Limited
Penny Mobile Limited
Penny Telecom Limited
One Penny Broadband Limited
Penny Broadband Limited
1p Broadband Limited

The registered office of each company referred to in this note is: Network HQ, 508 Edgware Road, London, NW9 5AB. All companies are registered in England & Wales.